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**Africa Review**

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22 February 1985

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*Articles have been coordinated as appropriate with other offices within CIA. Comments and queries regarding this publication may be directed to the Chief, Production Staff, Office of African and Latin American Analysis,*

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## Articles

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### Guinea: Difficult New Directions

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Guinea, one of the first black African countries to opt for socialism and close relations with the USSR after independence, was also one of the first to become disenchanted with Communist ties that have left this potentially rich country's economy in shambles. A coup last year swept away the repressive political system of Guinea's founding father, Sekou Toure, and accelerated efforts—belatedly begun by the late Toure—to liberalize the economy and to attract greater Western involvement. However, US Embassy reporting suggests that President Conte's moderate military government faces some pressures—from ethnic divisions, rising economic expectations, and the lower ranks of the military—that will test its unity and its ability to translate promises into reality.

Although trends in Guinea probably will remain generally favorable to US interests while Conte remains in power, we believe the near-term prospects are poor for genuine economic reform or a pro-Western tilt in Guinea's foreign policy. Moreover, we doubt in the short run that Conte will move much beyond Toure's modest efforts to reduce Soviet military access and presence. In fact, Conakry's open-door approach to foreign aid has led it to accept promises of new assistance from the Soviets and Libyans. Although not likely in the near term, we believe Guinea may establish closer ties with the Communist world if it becomes disillusioned with

Western responsiveness to its economic needs, or if Conte were replaced by an unstable new regime vulnerable to Soviet and Libyan blandishments of political and security aid.

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#### Toure's Legacy

Guinea, the first French-speaking state in black Africa to achieve nationhood, labors under the legacy of Sekou Toure's 26 years of authoritarian rule and misguided economic policies. Toure's death in early 1984 led to a quick takeover by President Lansana Conte's moderate military regime. The new leadership's proclaimed aims were to eliminate past injustices, to restore the economy, and to continue a nonaligned foreign policy while looking for development aid from any source. The US Embassy reports, however, that Conte clearly wants to foster closer ties to the West, a process that Toure had begun during his last years.

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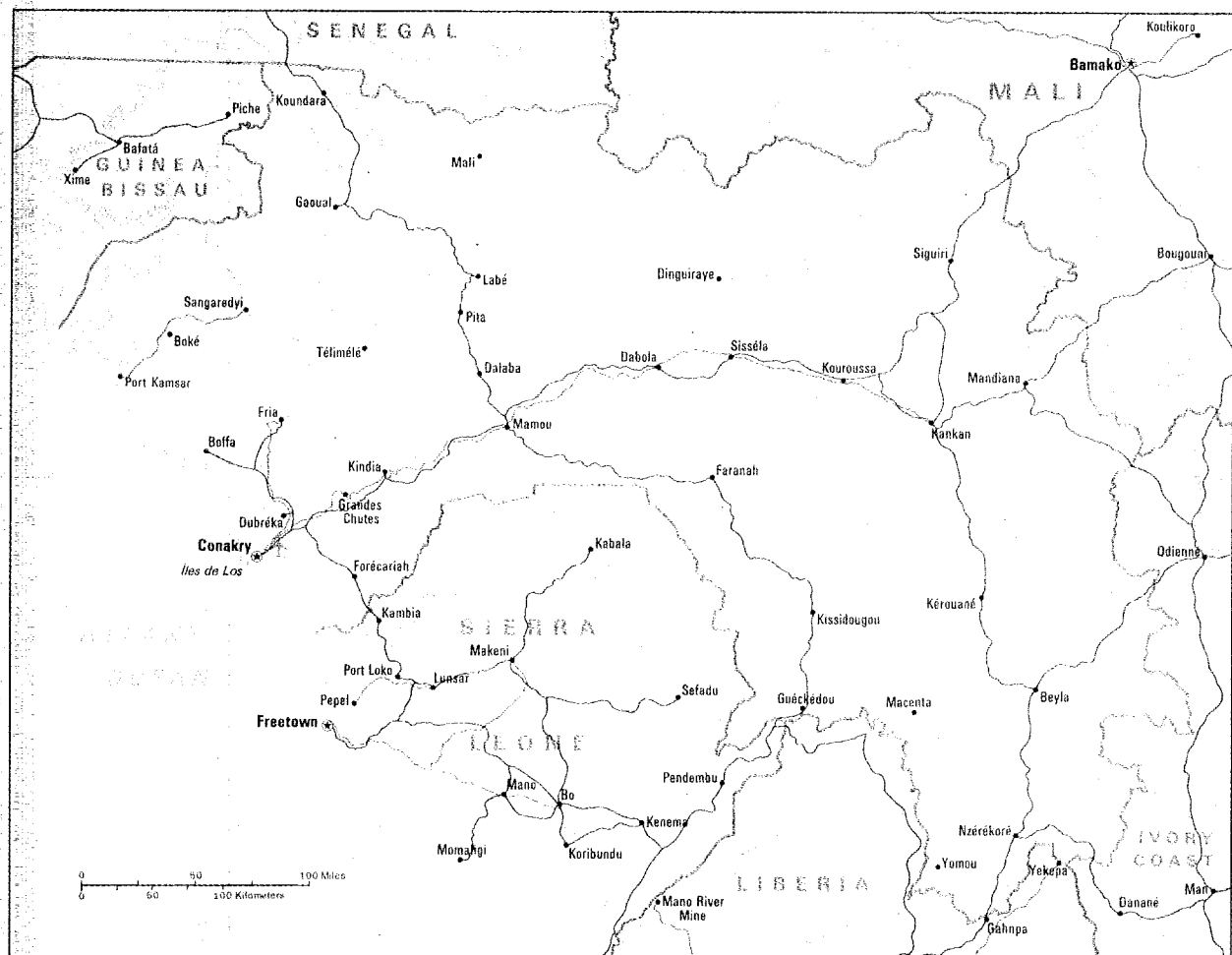
Long one of the most radical and anti-Western leaders south of the Sahara, Toure broke with France at independence in 1958 to pursue state socialism and close ties with the Soviet Union and other Communist states. His policies made a shambles of a once promising economy, drove hundreds of thousands of Guineans into exile, and isolated the country from the mainstream of African development. In exchange for Soviet arms, Moscow gained limited access to Guinea's air and naval facilities as well as to its rich bauxite deposits and fishing grounds.

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Guinea slowly started in the late 1970s to reorient its policies toward greater collaboration with the West.

## Guinea



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US Embassy reports indicate that Toure was concerned that his rigid socialist policies risked serious political instability and that he had become strongly dissatisfied with Moscow's level of economic and military aid. Moreover, the Guinean leader was impressed by the performance of Western firms—beginning in the 1960s—in developing the country's mining sector.

Toure made clear his displeasure with Moscow in 1977 when Conakry withdrew landing rights for Soviet TU-95 naval reconnaissance aircraft and

refused transit for Soviet aircraft carrying Cuban troops to Ethiopia. In subsequent years, the Embassy reported that Toure sharply reduced the number of Soviet military technicians in Guinea and continued to rebuff Soviet overtures to establish a naval base.

Toure started to repair relations with moderate African neighbors as well as with France, Western Europe generally, and the United States. According

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to the US Embassy, he became a vigorous spokesman for West African states concerned about Tripoli's interference in regional affairs and was criticized frequently by Libyan leader Qadhafi for abandoning Africa's revolutionary cause. Toure relaxed some state control of trade and agriculture, adopted a more liberal investment code, and personally courted potential Western investors. At his death, however, Toure's economic overtures had borne little fruit and Guinea still depended militarily on the Soviets. [ ]

### The Soviet Connection

Although ties to Moscow have loosened since 1977, the US Embassy reports that both the Soviets and Guineans still derive useful military and economic benefits from their relationship. The Soviets continue to use Conakry as a transit stop for military transport flights to Angola. Conakry also is the only West African port routinely used by the Soviets' small, Luanda-based West African naval patrol, although the number and length of ship days in port have fallen steadily since the mid-1970s. Moreover, Guinea serves as the primary transshipment point for sea-delivered Soviet arms bound for Mali. [ ]

Moscow remains Guinea's primary source of military equipment, training, and spare parts. According to US Embassy figures, the USSR has committed some \$188.5 million in such aid to Guinea, mostly during the 1960s and 1970s. The military equipment includes MIG-21 fighter aircraft, T-34 and T-54 tanks, MI-8 helicopters, and transport aircraft. The current number of Soviet military advisers is about 20, down from 200 a decade ago. More than 900 Guineans have received military training in the USSR over the years. [ ]

Although bilateral trade has declined steadily in recent years as Guinea has turned toward the West, Conakry still depends on the Soviets in several economic areas. Between 315 and 450 Soviet economic technicians are in Guinea, including some 200 teachers and 25 medical personnel, while some 350 Guineans are taking courses in the Soviet Union. The Soviets developed a bauxite mine at Kindia, which accounts for nearly half of the \$236 million in economic credits Moscow provided to Guinea in earlier decades, supplies about one-eighth of the



President Conte [ ]

USSR's bauxite needs, and enables Guinea to repay loans to Moscow in hard currency. Soviet fishing operations in Guinea and adjacent coastal waters make up about 14 percent of the USSR's annual ocean catch. Moscow has agreed to sell some 10,000 tons of its yearly catch to Conakry. [ ]

### New Directions

The 25 officers who compose the ruling Military Committee for National Redressment strike US Embassy observers as a pragmatic lot. Most are familiar faces drawn from Guinea's second tier of leadership. Some of the older ones—like President Conte—go back 25 to 30 years and have been trained by the French. The younger members have been schooled in Communist countries. Conte has swept away the repressive practices, all-pervasive party structure, and the ideology of the Toure era, according to the US Embassy, while keeping the existing administrative machinery intact. Freedom of movement and personal expression now exist as does limited press freedom. Directives have been issued to liberalize education, the judicial system, and the labor movement, while essential economic changes continue to be studied and debated. Internationally, the regime has taken pains to stress Guinea's nonalignment and—despite counting on substantial Western support—its willingness to look anywhere for development aid. [ ]

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### **Guinea: The Economy at a Glance**

Guinea has the potential to develop one of the strongest economies in black Africa because of its extensive mineral and agricultural resources. Data

show that Guinea's mineral wealth includes one-third of the world's known reserves of high-grade bauxite and sizable deposits of high-grade iron ore and diamonds. The Guinean watershed can support the cultivation of a wide variety of tropical agricultural products. Moreover, the country's hydroelectric power potential is over 62 billion kilowatt-hours.

Despite considerable potential, the economy is foundering after 25 years of rigid state socialism and mismanagement. The little-developed modern sector centers on a variety of state-owned agricultural and industrial enterprises and the mining enclave, which has few linkages with the rest of the economy. Bauxite provides 96 percent of the country's export earnings and almost all government revenues. Firms from the United States, Canada, France, West Germany, Italy, Netherlands, Australia, Switzerland, and the USSR are involved in Guinea's major joint mining ventures. Production of cash crops, which accounted for the bulk of Guinea's export earnings before independence, now represents only 3 percent of the total value of exports. Today more than 80 percent of the population engages in subsistence

agriculture. According to press reports, at least half of the country's crops are smuggled out of the country or sold on the black market, which has transformed Guinea from a position of near self-sufficiency in food production to a net importer. Guinea now spends some 30 percent of annual hard currency earnings on food imports. Public services are in a shambles as Conakry has not replaced roads, telecommunications facilities, industrial plants, and public buildings built by the French prior to independence.

We estimate that real GDP growth from 1958 to 1982 averaged 1.3 percent a year, less than half the rate of increase in population. As a result, per capita income is just under \$221, making Guinea one of the world's poorest countries.

Guinea also had persistent current account deficits the past several years. To finance these deficits, Conakry has resorted to extensive overseas borrowing that has pushed the external debt to over \$1.5 billion. We estimate that servicing this debt now consumes 18 percent of Guinea's annual foreign exchange earnings. Soaring food and fuel costs have pushed inflation to more than 25 percent annually for the past few years. The cost of living probably has increased even more. US Embassy reporting shows that most commercial transactions occur on the black market, where the value of Guinea's currency is as little as one-tenth the official exchange rate.

While the regime has made a promising beginning in some areas, the US Embassy reports it is also confronting some pent-up tribal frictions among Guinea's three main tribes that call for careful management. Under Toure, the Malinke dominated the country. This tribe is now taking second seat to President Conte's Sousou, although a large number of Malinke remain in the government and armed forces. The Fulani, prominent during the French colonial period, still feel left out of the country's mainstream.

**The Economy at a Crossroads.** The Conte regime has taken some modest steps to liberalize the economy, according to US Embassy reporting, and has begun consultations with the IMF, World Bank, and potential bilateral donor governments to provide technical and material assistance for restructuring the economy. To encourage agricultural production and distribution, collective farms have been abolished and official prices for export crops have been increased. A

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more liberal investment code has been introduced that is designed to encourage free enterprise. The government is exploring the possibility of setting up more joint ventures with foreign investors to better exploit agriculture and minerals. Moreover, private commerce is being encouraged. [ ]

The US Embassy reports that Guinea's most vital financial negotiations are with the IMF. Rescheduling Guinea's large debt hinges on conclusion of an IMF accord, as does Guinea's possible entrance into the French-backed African franc zone. The IMF wants Guinea to institute basic reforms, including a substantial devaluation of its currency, removal of subsidies on rice and petroleum products, elimination or reform of many state enterprises, and a large reduction in civil service personnel. So far, according to the Embassy, Conte has demurred, pending further study, but he has not ruled out an IMF program. [ ]

***Broadening the Stable of International Donors.***

Guinea's new leaders appear willing to accept economic aid from any source so long as it carries no political strings. [ ]

Conte's new Foreign Minister told Guinea's 32 newly appointed ambassadors late last year that their primary aim—on which they will be graded—was to attract aid and investment. Thus, the US Embassy reports that Conakry has simultaneously solicited assistance from both North and South Korea, Taiwan and China, moderate and radical Arabs, Libya and Israel, and from the USSR as well as the West. In our view, the regime's willingness to solicit new aid from Communist states reflects primarily opportunism, not a reversion of Guinea's previous disillusionment with Soviet Bloc country assistance. [ ]

Conte has made special efforts to cultivate France and the United States. After a high-level French Government delegation received red carpet treatment last fall, according to the US Embassy, the French aid program in Guinea grew significantly. Paris increased direct aid and credits in 1984 from \$2.4 million to \$7.9 million to help revitalize transportation, telecommunications, electrical power, agriculture, and education. Although Conte has requested French help to reorganize the Guinean Army, the Embassy

**Guinea: Selected Financial Indicators** *Millions US \$*

	1980	1981	1982	1983 <sup>a</sup>	1984 <sup>b</sup>
Trade balance	100	47	64	124	134
Exports (f.o.b.)	494	493	442	516	537
Imports (f.o.b.)	394	446	378	392	403
Current account balance	-91	-96	-63	-24	7
Gross foreign reserves	-239	-289	-281	-349	NA
Disbursed debt outstanding	1,020	1,249	1,231	1,216	1,564
	<i>Percent</i>				
Real GDP growth	2.6	0.6	1.8	1.3	NA
Inflation (GDP deflator)	NA	25.0	25.0	NA	NA
Debt service ratio	19.2	16.8	17.0	13.4	NA

<sup>a</sup> Preliminary.

<sup>b</sup> Estimated.

reports that Paris has agreed only to a modest \$1.8 million military program for 1985. France will provide a light helicopter, two small naval patrol boats, some engineering equipment, and military training in France for 30 to 40 Guinean soldiers. [ ]

Guinea's new investment code and discussions about giving market forces more play have stirred growing French commercial interest, according to the US Embassy. Last year alone, at least four high-level French business groups visited Conakry. Even before the coup, the Embassy reported that some 50 French firms and 1,000 French nationals were in Guinea, involved in engineering, construction, and industrial renovation projects. France has become Guinea's chief supplier of capital goods, according to the Embassy, and trade increased 25 percent between 1977 and 1982—the last period for which data are available. Almost 90 percent of French purchases from Guinea consist of bauxite and alumina. [ ]



Relations with the United States also are good. US food aid has been the cornerstone of US assistance to Guinea since 1971 when Washington terminated an AID program that had provided almost \$100 million since independence. US food assistance for FY 1984 was increased from \$2 million to \$5 million, with smaller increases in agricultural and manpower development projects that date from 1976. The United States provided a \$3 million grant for FY 1985 to purchase military equipment, including patrol boats. Two years ago, the United States initiated a small but well-received program of military educational training for Guinean officers in the United States. [ ]

American firms, like their French counterparts, are showing growing interest in post-Toure Guinea and a number have made contact with Conakry to explore trade and investment opportunities in the mining, agriculture, and energy sectors. The Conte government has also begun to use the US Embassy as a regular channel to solicit private American financing for planned development projects. Existing American private investment, primarily in bauxite and iron ore mining, totals \$185 million. US firms are developing diamond mining projects and exploring for oil and uranium. The United States purchased an average of 31 percent of Guinea's exports, mainly bauxite and alumina, between 1979 and 1983. [ ]

#### Constraints on Moderating Trends

In our view, Conte faces a number of potentially serious constraints as he seeks to liberalize the economy and to involve the West to a greater extent in Guinea's development. Politically, the US Embassy reports that the regime faces real challenges in meeting popular expectations for improvements in living conditions and in dealing with tribal frictions between key groups sharing power within the regime. [ ]

US Embassy reporting suggests that impatience among the populace and the military's lower ranks over the economy, together with ethnic rivalries between Conte's Sousou tribesmen and the formerly dominant Malinke, contributed to Conte's reorganization of the government late last year and his raising of salaries for civil servants and the armed

forces. By downgrading the Prime Minister and several other Malinke, Conte consolidated his position for the time being. But we believe he still faces difficulties because a large number of Malinke remain in the government and armed forces. Moreover, the Fulani, prominent during the French colonial period, still feel left out of the country's mainstream. [ ]

**Western Donor Response.** In our view, Western responsiveness to Guinea's aid and investment needs will be an important factor in Conte's willingness and ability to tackle difficult economic reforms. Although the US Embassy reports that Guinea's efforts to obtain new foreign assistance have resulted in fairly impressive pledges of aid so far from a cross section of Western and other countries, we suspect Conte may be disappointed by the amount of new aid that actually is tendered, particularly by key Western governments. Embassy reporting suggests that budgetary constraints on France and the United States will not permit their support to translate into the sums Guinea expects. Furthermore, we believe that the regime's open-door policy of accepting aid from any source carries with it certain risks. In our view, Guinea's key Western supporters may eventually become disgruntled if they perceive no further reduction of Conakry's ties to Communist and radical Third World governments. [ ]

**The Soviets and Libyans.** We believe Guinea probably will not let its turn to the West antagonize the Soviets to the point of risking an open rupture. The US Embassy reports that Conakry continues to be dependent on the Soviets for major arms, spare parts, and military maintenance. Moreover, we see little alternative to Guinea's continued collaboration with the Soviets in the Kindia bauxite project and in the fishing industry. [ ]

In addition, the Soviets are becoming more active in trying to protect and expand their presence. The US Embassy reports that a \$115 million Soviet loan accord was signed in late 1984, although it does not appear to represent an increase over previous spending levels or to have been disbursed yet. The loan, to be

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used for a variety of agricultural and industrial projects, involves a 10-year repayment period at an interest rate of 4 percent. Conakry is to use 25 percent of the credit to import Soviet machinery and equipment to be sold to cover local costs of the projects. Repayment is to be made in bauxite or in hard currency if delivery schedules are not met. According to the Embassy, a high-level Soviet military delegation visited Conakry late last year to discuss the possible replacement of aircraft for the Air Force and refurbishing other equipment in the Guinean inventory. [ ]

[ ] the Soviets last year offered to establish a fishing port off Conakry in return for exclusive fishing rights in Guinean waters and being allowed to refurbish another port for use by Soviet-manned patrol boats for protection of their fishing fleet. Nothing further has been heard about the proposals. [ ]

We believe the Libyans are a potential constraint on Conakry's turn to the West, even though Tripoli at present is not much involved in Guinea. US Embassy reporting indicates that Libya is showing greater activism in West Africa. After getting French forces out of Chad, Tripoli is trying to put moderate regimes on the defensive and to reduce French influence further in the region. Libya has meddled with disgruntled Muslim elements in neighboring Senegal and The Gambia, and may follow suit in Guinea—particularly if Paris were perceived to be regaining predominance in Conakry. In our view, fear of active Libyan subversion could cause Guinea to become more circumspect in its opening toward the West.

#### Outlook

In our view, Guinea's greater receptivity to Western economic involvement will continue so long as Conte remains in power and firmly in charge of the government and the armed forces. His primary political challenges will be to maintain cohesion within the senior military leadership, while keeping popular economic expectations within bounds, ethnic tension in check, and junior officers pacified. If his

legitimacy is seriously challenged, we believe Conte probably would become more preoccupied with the exigencies of personal survival, rather than with pursuing further economic reform and openings toward the West. He also probably would feel compelled to clamp down on personal freedoms now allowed in Guinea. [ ]

We believe, however, that the near-term prospects are poor for genuine economic reform or a pro-Western tilt in Guinea's foreign policy even if Conte is able to maintain an unchallenged grip on power. We doubt in the short run that Conte will press for further significant reduction in the Soviet presence primarily because of Guinea's dependence on Moscow for military supplies and concern about Soviet influence within the armed forces. Furthermore, we believe that Conte's pragmatism and apparent lack of ideological commitment make the Guinean leader capable of sudden policy reversals, if required by his perception of Guinea's self-interest and what is needed for personal survival. [ ]

#### Alternate Scenarios

Although we do not believe Guinea's disillusionment with close ties with the Communist world will soon fade, Conte's overthrow in a military coup could afford exploitable opportunities to the Soviets and Libyans at least in the near term. A power grab by disgruntled tribal groups or by young and inexperienced populist radicals probably would be followed by considerable domestic turbulence and uncertainty in Guinea's foreign policy. A vulnerable new regime might prove susceptible to Soviet and Libyan blandishments of military and economic aid. On balance, however, we believe Guinea's long-term economic interests would remain with the West, even though a successor regime might take some time in coming to this realization as was the case in Ghana under Rawlings. [ ]

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Another possibility is that Conte may endure in power and become less favorably disposed toward the West. Although probably unlikely in the near term, he could become disenchanted with the Western response to Guinea's aid and investment needs. Conte might calculate that increasing ties with Moscow and Tripoli could prompt the West to provide needed new assistance that could help his regime ride out any increase in popular dissatisfaction over economic conditions.

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**Benin: Limits to Moderation** 25X1

US Embassy reporting over the past several years indicates that the leftist government of Benin—after a decade of radical experimentation—has attempted to reduce its dependence on the Soviets and Libyans in favor of closer relations with the West. This new direction, which stems from economic necessity, an internal power struggle, and French initiatives, has resulted in warmer relations with Paris and Washington and limited economic reforms. Nevertheless, we believe a number of factors—including internal divisions and the prospect of attempts by radicals to regain power in the government with Soviet and Libyan support—mitigate against Benin's abandonment of socialism and elimination of Soviet and Libyan influence over the near term. 25X1

**Background**

Since gaining independence from France in 1960, Benin has been one of black Africa's most unstable countries. Regional and ethnic rivalries, a scarcity of natural resources, and a rapidly growing population have hindered economic development and the establishment of national unity. The first decade after independence saw a succession of nine short-lived, relatively moderate, pro-French civilian and military regimes. No government held power long enough to deal effectively with the serious economic and social problems that plague the country. 25X1

The military coup in 1972 that brought the present regime to power represented an attempt to alter radically the country's fortunes by moving it leftward.

The coup leaders—junior and middle-grade Army officers—sought to purge the pro-French ruling elite and create an authentically African identity. Col. Mathieu Kerekou, a former sergeant in the French Army from northwest Benin, was selected to head the new regime, but has faced challenges ever since to maintain his authority over competing factions. 25X1

Kerekou initially was confronted by a small but aggressive group of professed Marxists—young Paris-educated civilians—who gained behind-the-scenes control of the regime and began to chart its radical political course. By 1975, the government formally embraced Marxism-Leninism, proclaimed the People's Republic of Benin, and established the People's Revolutionary Party as Benin's sole political party. In the wake of an unsuccessful mercenary attack in 1977, organized by members of the exiled former ruling elite, the radicals reinforced their predominance by forming a close security relationship with the Soviets, Cubans, and Libyans. An East European-style constitution was adopted and in 1980 military rule gave way to a Soviet-modeled civilian government. Kerekou became President in civilian dress and most of his fellow officers retained high positions. 25X1

**Soviet Connections**

US Embassy reporting indicates that the Soviets initially gained influence with the current regime in the early 1970s by backing the leftist radicals who gradually took control of Kerekou's government. According to a senior official of the US Embassy, the Soviets now maintain a sizable presence in Benin consisting of about 150 diplomats, military advisers, technicians, and their dependents. The Soviet Embassy has an active cultural center and commercial office, and an Aeroflot office which 25X1

handles the weekly flight from Cotonou via Tripoli to Moscow. The official also indicates that the Soviets enjoy easy, and almost exclusive, access to Beninese military personnel and facilities. [redacted]

The Soviets enhanced their influential role with the regime in 1977 by taking advantage of Kerekou's fears of external threats in the wake of the mercenary attack. Since then, the regime has become almost totally dependent for its internal security on the Soviets, their allies, and the Libyans. Under a 1977 security assistance agreement, Moscow provided small arms, training, and other aid—with Libyan financing—to establish an 800- to 1,000-man presidential guard. [redacted]

Benin also has an extensive arms and military training relationship with the Soviets. [redacted]

[redacted] Moscow delivered about \$20 million in military equipment to Benin by 1980, and currently provides 17 military technicians to assist the armed forces. The Soviets recently completed a new headquarters building in Cotonou for the Beninese Navy [redacted]

The US Embassy reports that the Soviets also are constructing a military airfield some 100 kilometers northwest of Cotonou. If the airfield is built to the proposed length of 3,000 meters, we believe it would be suitable for use by long-range Soviet transport and naval reconnaissance aircraft that presently operate from Angola to conduct surveillance of Western naval forces in the Atlantic. In our judgment, the airfield would provide an alternate site to Cotonou, away from public scrutiny, and could serve as a clandestine transit site—particularly for the Libyans—to support subversive activities in the region. [redacted]

The US Embassy indicates that Soviet economic and technical assistance is limited to an experimental state farm, small-scale mineral exploration, a fishing project, and several medical technicians and language teachers. A cultural and scientific cooperation agreement signed with Moscow last September provides for some 60 scholarships to Beninese students for study in the USSR, and various cultural exchanges. Cuban aid is limited to student exchanges and some 30 medical and technical personnel who provide assistance under a scientific and technical agreement signed with Havana in 1978. [redacted]

#### The Libyan Foothold

US Embassy reporting indicates that Libya also seized on Benin's economic and security problems in the late 1970s to supply significant amounts of financial and military aid, and cultivate close ties with Beninese radicals. [redacted]

Tripoli has bought political favors through bribes and overt cash gifts to pay for military expenses and overdue civil service salaries. The US Embassy reports that some 50 Libyans are assigned to the People's Bureau in Cotonou. Many of them purportedly are involved in joint commercial ventures and economic, social, and cultural projects. According to the US Embassy, Libya has funded a housing project, schools, a mosque for the Muslim community—which makes up about 15 percent of Benin's 4 million population—a hospital, and a roadbuilding and repair project. Most recently, Tripoli donated a used Boeing 707 aircraft, a fully equipped mobil television studio, and pledged funds for housing projects in the country's six provincial capitals. [redacted]

Our review of US Embassy [redacted] reporting indicates that, in return for official subsidies and widespread bribery, Cotonou has allowed Tripoli to use Benin as a base for subversion against other governments in the region. [redacted]

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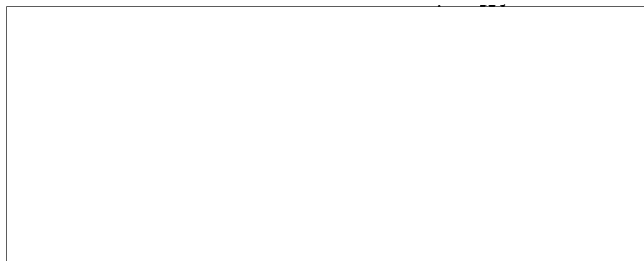
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According to recent Embassy reporting, Tripoli is again funneling Chadian dissidents from Benin to Libya to help bolster Libyan and Chadian rebel troops occupying northern Chad.

### Pressures for Change

The recent moderation evident in some area of Beninese policies and the country's new flirtation with the West are the product of serious pressures on the regime, according to US Embassy reporting. Kerekou is beholden to moderate elements who appear to have a slight upper hand at the moment over the radicals in the government. Increased foreign development aid and investment is needed to arrest the economy's rapid deterioration under socialist policies. Military grumbling over economic and political conditions also has grown. Fear of the more powerful military government in neighboring Nigeria also appears to have drawn Benin toward policy moderation.

**Political.** Although Kerekou's 13 years in office give the appearance of outward stability, the country has been plagued by a longstanding power struggle involving personal and philosophical disputes, tribal rivalries, and a sharp split between the north and the south. In addition, growing corruption, foreign Communist and Libyan backing of radicals, Kerekou's weak leadership, and a lack of technical expertise have prevented the regime from dealing effectively with the country's mounting problems. Three principal factions are involved:

- The "leaguers," a small group of well-educated civilians from the south, are dedicated to radical Marxist ideology. Lacking mass support, they initially achieved influential positions in the regime and the ruling party by supporting Kerekou's takeover. They have promoted close ties with the Soviets, Cubans, and Libyans, receiving backing in return for their domestic political maneuvering.

- The military, made up predominantly of northerners, has become disillusioned with the meager economic returns of the country's Marxist experiment. A small group of senior officers, however, has sided with the leaguers, largely to advance its own political ambitions.

- Civilian moderates, less radical and more numerous than the leaguers, have gained strength as public discontent with failed Marxist policies increases. Their opposition to the leaguers has grown over the years, and they are now pushing for a fundamental political reorientation of Benin along more moderate lines.

Embassy and other reporting indicates that moderate civilian and military leaders are disillusioned with Moscow's limited economic aid and the quality of its military equipment and training. Reports of coup plotting among moderates in 1982 prompted Kerekou to accede to demands that he replace a number of influential radicals in the Cabinet with more moderate members, a process that is continuing.

**The Economy.** The US Embassy indicates that the moderates have convinced Kerekou that the government's long-term survival depends on its ability to arrest the country's economic decline. Benin's weak resource base, coupled with two decades of economic mismanagement, have left it one of the world's poorest countries. Per capita annual income was about \$310 in 1982. According to the US Embassy, the agriculturally based economy—about 80 percent of the country's 4 million population is engaged in subsistence farming—is plagued by endemic drought as well as inefficient state-owned enterprises responsible for collecting, processing, and marketing cash crops. A small offshore oil deposit of some 22 million barrels of recoverable reserves is Benin's only significant mineral resource. Although the government reportedly hopes oil production—which began in 1983—will help ease soaring import bills, World Bank studies project that production will peak this year and that the country will again be a net oil importer by 1989.

**Benin: Selected Financial Indicators**

Million US \$

	1980	1981	1982	1983 <sup>a</sup>
Trade balance	-198.77	-206.09	-285.95	
Exports (f.o.b.)	274.49	356.97	304.20	
Imports (f.o.b.)	473.26	563.06	590.15	
Balance of payments	-131.57	-149.05	-253.10	
Net foreign assets	-35.97	-24.29	-41.98	
External public debt	440.50	723.80	718.90	
GDP	1,162.38	1,107.79	1,060.69	
Debt service ratio	2.70	4.50	14.20	

<sup>a</sup> No data available.

Note: Data from US Embassy.

Excessive government intervention, a large and inefficient public sector, and sharp increases in government spending, in our judgment, have brought the official economy to the point of collapse. The Embassy notes that:

- Exports—primarily palm oil, cotton, and peanuts—have stagnated or declined, while imports have risen sharply.
- The growth of government spending continues to outpace revenues, resulting in a growing budget deficit.
- Heavy foreign borrowing for government development projects in the last several years has resulted in a sharp jump in debt servicing charges, and an estimated official debt of \$750 million.
- Overall living standards that rose slowly through the mid-1970s appear to have declined sharply, possibly to preindependence levels.

Only continued Western foreign aid and black-market trade have enabled Benin to avoid economic disaster, according to US Embassy officials. Western financial institutions (mainly the World Bank), the EC, and bilateral donors—especially France—account for almost 90 percent of Benin's foreign assistance.

**The Military.** Our review of Embassy reporting indicates that in the last several years Kerekou has been under constant pressure to stem festering discontent among the ranks of the 3,200-man armed forces.

moderate senior Army officers put pressure on Kerekou to institute reform by discussing his possible ouster with police officials, high-level bureaucrats, and former politicians who also oppose the regime's unsuccessful socialist policies.

Discontent also extends to poorly paid junior Army officers and enlisted men who are envious of the corruption that enables senior officers to augment their salaries.

**Nigerian Threat.** Benin's turn toward moderation in the base of a perceived threat from Nigeria apparently stems in part from Lagos's warnings to the regime in Cotonou about the potential danger posed by the Soviet and Libyan foothold in Benin. According to the US Embassy in Cotonou, Lagos has warned the Kerekou regime on more than one occasion in recent years that it would respond militarily to the introduction of Soviet troops to Benin.

**Signs of Change**

The Cotonou Government has taken important steps toward moderating its policies in an effort to win crucial Western economic assistance. Kerekou has eliminated several influential radicals from his regime and implemented some reforms of the statist economy. Nevertheless, Benin still maintains strong ties to the Soviets and Libyans who have ample access to government officials. Moreover, Benin continues to vote with the Soviet Bloc and sharply criticize US policies in international forums, particularly the United Nations.

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**Political Moderation.** We believe that Kerekou, in response to mounting pressure, has strengthened his hand against leftist ideologues in the last several years. He dramatically reduced their influence in a cabinet reshuffle last summer eliminating all but one radical from the government—the president of the National Revolutionary Assembly. Although staunchly pro-Soviet, the assembly president is unpopular even among his colleagues who regard him as a token leftist retained by Kerekou to placate Moscow, according to a senior officer at the US Embassy. In a recent conversation with the US Ambassador, Beninese Foreign Minister Affo, formerly Ambassador to Cuba, pointed out that the majority of his countrymen now realize that Benin can no longer look to other socialist states for the inspiration or aid needed to develop their country, but instead must turn to the West. [ ]

**Economic Reform.** The US Embassy reports that Kerekou and the moderate faction now recognize that excessive centralization and state ownership have been a mistake, and are encouraging a limited revitalization of the private sector, as well as more Western trade and investment, to stem Benin's accelerating economic decline. [ ]

US Embassy officials note that the government has issued increasing numbers of business permits to small- and medium-sized private companies, invited foreign transport firms to operate in the country, and toned down its anticapitalist propaganda. After soliciting World Bank recommendations on how to reorganize the nearly bankrupt public sector, Kerekou abolished some of the most inefficient among Benin's approximately 60 state enterprises, combined others, and reorganized their largely corrupt and incompetent top-level management. Moreover, the government is continuing discussions begun late last year with the IMF for a standby agreement and a rescheduling of the official debt. [ ]

**Warming Relations With the West.** Kerekou has placed particular stress on the need for more productive ties with France and the United States, with whom relations plummeted because of Benin's suspicion of Western involvement in the 1977 mercenary attack. We believe that the election of

French socialist President Mitterrand in 1981 helped facilitate Kerekou's efforts to justify closer ties with the former metropole by emphasizing to hardcore leftists the newfound ideological compatibility between Benin and France. [ ]

Mitterrand's visit to Benin in 1983 has been followed by regular visits by high-level French officials. The US Embassy reports that French assistance to Benin has been increasing at a rate of about 12 percent a year since the early 1980s and rose about 25 percent from 1981 to 1982 to \$21.3 million. Paris disbursed about \$4.5 million in budget support in January (1985) to help pay overdue civil service salaries and government operating expenses. France is Benin's largest trading partner—discounting illegal black-market trade with Nigeria—and buys the lion's share of Benin's meager exports. [ ]

Paris has resumed military and security aid to Benin at Kerekou's request, according to the US Embassy, breaking on a modest scale the Soviet and Libyan monopoly in this field in the last several years. The French have delivered three refurbished C-47 transport aircraft and also agreed to provide training, vehicles, and radio equipment to the police force. [ ]

Cotonou's relations with the United States also began to improve gradually following the ascendancy of the moderate faction in the early 1980s. The Beninese Foreign Minister made an official demarche to normalize Beninese-US relations in 1982 and followed up with specific proposals ranging from visits to Benin by US Government leaders to creation of a mixed Beninese-US commission to deal with political relations, cultural exchanges, and economic cooperation. The first US ambassador to Benin since 1976 arrived in 1983 and a military education program totaling \$50,000 was instituted. Most recently, Washington has reinstated a \$6 million water project and increased the Peace Corp presence to some 70 volunteers. [ ]

#### **Limits to Change**

In our view, the pace and scope of Benin's turn toward moderation will be limited by domestic political

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cleavages and Soviet and Libyan efforts to retain their access. Although the West's leverage—stemming from bilateral economic aid and support from international financial institutions—is increasing, we believe the Western response probably will prove less generous than Kerekou and the moderate faction expect. Moreover, we expect the Soviets and Libyans to maneuver behind the scenes to improve the fortunes of leftists in the government who will attempt to limit Western influence. [ ]

### Political Ferment

In our view, the power struggle between moderate and radical factions will constrain the regime's ability to institute economic and political reforms in favor of more moderate, pro-Western policies. Despite the current ascendancy of the moderates, hardcore leftists appear to us to wield enough influence to forestall rapid or sweeping policy shifts. The US Embassy indicates that the current financial crisis has heightened political differences in the regime. Party ideologues are opposing an agreement with the IMF because they believe that the regime's acceptance of IMF conditions, such as reductions in public-sector employment, would repudiate the goals set by the 1974 "revolution" and the government's legitimacy, according to the Embassy. Nevertheless, Embassy sources indicate that eventually Benin will have to go to the IMF, probably provoking more political controversy. [ ]

According to the US Embassy, Paris now insists that the regime come to an agreement with the IMF and negotiate a rescheduling of the official debt before France will disburse additional aid. We believe that the ascendant moderate faction will intensify pressure on Kerekou to cooperate with France or consider ousting him if they become convinced that Paris would back such a move. Moreover, unless Kerekou can stem the downward economic spiral, he will face the growing risk that disgruntled senior or junior military officers will stage a coup. [ ]

### The Soviet and Libyan Response

In our view, Moscow and Tripoli, recognizing the implications of Kerekou's warming relations with the West, will seek ways to reassert their influence. Although Libya and the USSR are unwilling to take

Cotonou on as an economic client, Qadhafi is likely to use periodic infusions of cash and gifts to retain his influence and access. The US Embassy reports that Libya is considering Cotonou's request late last year for budgetary support. In our view, Qadhafi is willing to tolerate greater Western economic involvement in Benin as long as he is satisfied that Cotonou will continue to support radical courses. [ ]

Meanwhile, Moscow and Tripoli probably will continue to use close ties to the Beninese military and security service to try to intimidate those favoring strong Western ties. [ ]

### Outlook

We believe that Benin probably will move gradually toward more moderate, pragmatic policies but within certain limits. Pressing economic needs are likely to push the regime to search for more Western assistance. The increasingly influential moderate faction probably will continue to press Kerekou to dilute the radicals' power and reduce the regime's dependence on Moscow and Tripoli. We believe, however, that Kerekou—in his weakened position—will find it difficult to resolve longstanding intragovernment squabbling that is hindering a more fundamental political reorientation toward the West. [ ]

US leverage is generally limited to its bilateral economic aid and support to international financial institutions, neither of which, in our view, is likely to induce prompt overhaul of Benin's statist economic institutions or fundamental change toward a more balanced international posture. In addition, the

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limited market potential for US investors and the likelihood of continued political ferment in Benin probably will deter any significant increase in US trade and private investment. [redacted]

We also believe the turn toward moderation could be quickly reversed by extreme leftists trying to regain political predominance with the backing of their foreign patrons. If further Libyan and Soviet plotting should be exposed, Kerekou might be convinced that the political risk of a complete ouster of the radicals would be too great. In our view, in the event that Paris does not provide additional aid, the regime would become increasingly vulnerable to demands from Moscow and Tripoli on behalf of the radicals. [redacted]

We believe a diminished Soviet and Libyan presence in Benin—either under Kerekou or a successor—would reduce opportunities for subversion in neighboring moderate states and improve prospects for regional stability. Moreover, Western responsiveness to Cotonou's economic needs during its turn away from Moscow and Tripoli could bolster the confidence of all moderate West African states. If Benin continues to move away from close Soviet and Libyan ties, we believe US interests will benefit from some greater objectivity on Cotonou's part in international forums and its reduced hostility toward the US diplomatic community. [redacted]

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**Angola: Dos Santos Visits Zaire** 

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Zaire's President Mobutu rolled out the red carpet for Angolan President dos Santos during the latter's state visit to Kinshasa from 6 to 9 February. The two leaders papered over policy differences despite deep distrust of each other, and signed six bilateral agreements that gave the visit an air of success and signaled improved relations—at least over the short run.

The most significant agreement covers defense and security issues, as both sides pledge not to let their territory be used to undermine the stability of the other. A joint commission will be set up to monitor border violations and probably will include mixed patrols to prevent illegal border movement. This suggests, but Mobutu did not make any public guarantees, that Zaire would end its quiet support for Jonas Savimbi's UNITA insurgents, according to the US Embassy.

The other five agreements dealt with the movement of goods and people, frontier commerce and customs cooperation, conservation of shared national resources, medical care and cooperation, and the 1985/86 protocol to an existing scientific and cultural agreement. These agreements could help defuse tensions over Angola's treatment of Zairian citizens in border areas, and could ease problems caused by an upsurge of refugees fleeing into southern Zaire to escape the civil war. The US Embassy sees little prospect of increased trade because of market and financial limitations.

*Zairian President Mobutu* 

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A joint communique denounces apartheid as well as South Africa's occupation of Namibia and parts of Angola. The media in Kinshasa praised dos Santos personally and portrayed Angola as being in the forefront of the struggle against apartheid. Indeed, the fence-mending tone of the visit suggests that Mobutu is hoping to play a role in any eventual mediation effort in the Angolan civil war.

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*Angolan President dos Santos*

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Mobutu's cryptic reference in his dinner toast to "certain people" who are trying to create tensions between Luanda and Kinshasa probably was aimed at Moscow. Mobutu recently complained to the Soviet Ambassador about Soviet press allegations that the United States and South Africa use Zaire as a staging area to support UNITA [redacted]

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## Africa Briefs

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**Angola**
**Nonaligned Ministerial**

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The ruling MPLA has reaffirmed Angola's intention to host a Nonaligned Movement (NAM) ministerial meeting in Luanda from 2 to 4 September. The reference to the NAM meeting was made in a politburo declaration issued on 2 February marking the 24th anniversary of the national liberation struggle. President dos Santos appears intent on hosting the meeting because of the international attention it will focus on the ruling MPLA as the legitimate government in Angola. Dos Santos, however, is taking a gamble that Jonas Savimbi's UNITA insurgents will not push the civil war into the environs of Luanda at the same time. Furthermore, Luanda will need first-class hotel space it does not now have, and the city's populace will have to join in a major campaign to clean up the capital.

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Some nonaligned countries have expressed reservations about Angola's ability to host a conference of this magnitude, but Sweden, India, and Yugoslavia have offered assistance to the Angolans. Yugoslavia and Angola held talks in late January to discuss preparations for the NAM ministerial. In 1970, the Yugoslavs helped subsidize the Third NAM Summit in Lusaka, Zambia.

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